Form MR-SMO (Revised September 21, 2009)

1.

| This Section for DOGM Use: Assigned DOGM File No.: | S | 047 | 0063 |
|--|---|---------|------|
| DOGM Lead: | | | |
| Permit Fee \$ | | _ Ck #_ | |

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801

Telephone: (801) 538-5291 Fax: (801) 359-3940

RECEIVED JUN 0 6 2011 DIV. OF OIL, GAS & MINING

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

Note on confidentiality: Information provided in the notice of intention relating to the location, size, or nature of the mineral deposit that is clearly marked confidential will be protected as confidential. Each page or map requested to be kept confidential must be stamped or marked as such. The requested confidential information must describe how the confidential material relates to the location size or nature of the mineral deposit: provide a written claim of business confidentiality: and/or include a CC lo CC

| oncise statement of reasons supporting the claim of business confidentiality cation of explosives or historic, prehistoric, paleontological, or biological responsidered confidential under statute. | , unless disclosing the |
|--|--|
| Small Mining Operations" mining operations which have a disturbed area of five or | less surface acres at any time. |
| ***** | |
| GENERAL INFORMATION (Rule R647-3-104) | |
| 1. Name of Mine: NEAL 5 AND NEAL 6 | |
| Legal name of entity (or individual) for whom the permit is being a large of the many of t | PAL CORP. SUITE 210 3-91604 Cast. pct oprietorship (dba) () |
| Local Business License # 2008227 (if required) Issued by: County UNTAM or City | APPROVED |
| | JUN 0 7 2011 |
| | THE CHARGE SAINIBLE |

| | ama: CHIO 7 | Tidle: 1 | . 0 |
|--------------|--|---|----------------------------------|
| 1 | ame: CHIP ZIEGLER ddress: 366 N. BROADWY | Title: \ | |
| A | ddress: 366 IO. DROFFDWY | SUITE ZIC | |
| | ity, State, Zip: JERICHO NY | T 51/ /: | 2)-21 01 |
| | hone:516-681-9600 | | |
| _ | mergency, Weekend, or Holiday Phon | e: 516-606 | 2-1656 |
| | -mail Address: Chip@ Ziegle | erchemica | 1.com |
| Contact p | erson to be notified for: permitting | () surety () Noti | ces () (please check all that |
| apply) | | | |
| | | | |
| | 2-71- | | |
| N | ame: CATHERINE ZIEGLE ddress: 943 WOODRIDGE | Title: V | C. |
| Α | ddress: 943 WOODRIDGE | BIVOL. | |
| C | ity, State, Zip: Lancaster f | A 1+601 | |
| Р | hone: 717-393-1171 | Fax: *** 885 | 8-208-6240 |
| E | mergency, Weekend, or Holiday Phone | e: +17-725 | -1006 |
| | -mail Address: <u>catherinezis</u> | | |
| | erson to be notified for: permitting | surety (Noti | ces () (please check all that |
| apply) | | | |
| | | | |
| R | egistered Utah Agent (as identified with | h the Utah Departn | nent of Commerce) (if individual |
| le | eave blank): | | |
| N | ame: MCKEACHNIE LI | AW OFFICE | 3 P.C. GAYLEMCI |
| A | ddress: 2575 W. HWV 40 | | |
| C | ity, State, Zip: VERNAL UT, hone: 435-789-4908 | AH 200 | 84078 |
| P | hone: 435-789-4908' | Fax: 435-7 | 89-4918 |
| E | -mail Address:info@mc | Keachnie. | con |
| | | | |
| 4. If | Business is a Sole Proprietor: | | |
| N | ame of Owner: | J/A | Title: |
| | usiness Address: | | |
| C | ity, State, Zip: | | |
| P | hone: | Fax: | |
| E | -mail Address: | | |
| | | | |
| If | Business is a Corporation: | | |
| N | ame of Officers: Gordon S. 7 | Ziegler Jr | Title: PR63 |
| | CATHERINE | Ziegler | Title: V. P. |
| | chip Ziegle | w Oil | Title: V.P. |
| | | | Title: |
| Н | eadquarters Address: 366 N. B | ROADWAN | SUITE 210 |
| | ity, State, Zip: JERICHO NI | A A - COLOR | 80110 210 |
| H | eadquarters Phone: 516-681-9 | | 516-681-9604 |
| | -mail Address: Cothenne Zu | | cast nex |
| _ | -mail Address | gu ecav | Castilles |
| 16 1 | Pusiness is a Limited Liebility Comm | Mambas Mass | IO MIO |
| Ne | Business is a Limited Liability Comp | any: Member Mar | naged G Manager Managed G |
| D | me of 1 st Member/Manager: | + | IIIe: |
| | siness Address: | | APPROVED |
| | ry, State, Zip: | | |
| | one: F | ·ax: | JUN 1 7 2010 |
| E- | mail Address: | | 3011 2010 |
| | a and a | 1. | DIV OIL CAS & MINIMO |
| | ime of 2 nd Member/Manager: | A | DIV. OIL GAS & MINING |
| | siness Address: | , , , | |
| | y, State, Zip: | | |
| | one: F | ax: | RECEIVED |
| E- | mail Address: | 19 Mar 19 19 19 19 19 19 19 19 19 19 19 19 19 | |
| | | | IIIN 1 4 2010 |

Form MR-SMO 09212009

| 5. | Our | |
|----|-----------------------------|--|
| 5. | Ownership of Land Surfa | Ce: |
| | Private (Fee) Public I | Domain (BLM) ■ National Forest (USFS) ■ |
| | State Trust Land/School Se | ections State Sovereign Lands |
| | Other (please describe): | |
| | Name_STT_A- | Address T IIS R24 5 SEC. 32 SL |
| | STATE TEXST LANDISA | CHOOL SECT. |
| | Name | Address 675 E 5005 Suite 500 |
| | Name | Address Shc, UT 84102 |
| | Name | Address |
| • | Oursell of M. | |
| 6. | Ownership of Minerals: | |
| | Private (Fee) Public I | Domain (BLM) ■ National Forest (USFS) ■ |
| | State Trust Land/School Se | ections State Sovereign Lands |
| | Other (please describe): | |
| | Name_5ITLA | Address THS RZUE SEC 32 SL |
| | NameName | |
| | Name | |
| | Name | Address |
| | | |
| | BLM Lease or Project File I | Number(s) and/or USFS assigned Project Number(s) |
| | | N/A |
| | BLM Claim Numbers | N/A |
| | Litah State Lease Number/ | s): ML 49730 OBA |
| | | |
| | Name of Lessee(s) ZIE | LER CHEMICAL & MINERAL CORP. |
| 7. | Have the above surface a | nd mineral owners been notified in writing? |
| | Yes | |
| | If no, why not? | |
| | ii no, wny not? | |

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration prior to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.

 Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice? Yes _____ No______

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DIV. OIL GAS & MINING

Form MR-SMO 03132007

| II. | PROJECT LOCATION & MAP (Rule R647-3-105) |
|--------|--|
| 1. | Project Location & Map (legal description): |
| | County(ies): UINTAM |
| | SE 1/4, of NW 1/4, of SE 1/4: Section: 32 Township: IIS Range: 24E 1/4, of 1/4, of 1/4: Section: Township: Township: Township: Range: Range: Township: Range: Township: Range: Range: Township: Township: Range: Range: Range: Range: Township: Range: Range: Range: Range: Township: Range: |
| | UTM East (if known) UTM North (If |
| known) | Name of Quad Map for Location: Archy Berch SE Quadrangle + R |
| 2. | Location and Operations maps must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section. a. The general location map must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads. b. The operations map (1"=200' or other scale as determined necessary by the Division) must be labeled and identify: i. The area to be disturbed; ii. The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and iii. Any adjacent previous disturbance for which the operator is not responsible. (Contact the Division for a list of consultants and land surveyors for mapping assistance.) |
| 3. | The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye. |
| III. | OPERATION PLAN (Rule R647-3-106) |
| 1. | Type of mining: Surface ☐ Underground ☑ |
| 2. | Mineral(s) to be mined: Gulson its |
| 3. | Amount of material to be extracted, moved, or proposed to be moved: 3,000 - 4,000 TONS |
| 4. | Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process? Yes No If yes, please describe (add extra pages if needed) |
| | |

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| 5. | Provide a brief description of the proposed mining operation and onsite processing |
|---------------------------|--|
| | facilities (add extra pages if necessary). |
| | SEE ATTACHED " PROPOSED MINE PLAN" |
| | Drill 6 dry holes measuring 23/4 in diameter |
| | NEAL 5 600' |
| 6. | New Road(s): Length (ft) Width (ft) (ft) |
| 7. | Improved Road(s): Provide a description of the improvements that need to be made |
| | sting roads to access the site, including the Length (ft) and Width (ft) |
| OI HEW | Neal 5.89 |
| | Neal 6 1.5 |
| 8. | Total project surface acreage to be disturbed: (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI). |
| 9. 10. | Proposed startup date (month, year) JM215, 2011 Proposed completion date, if known (month, year) DEC2013 |
| IV. | OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109) |
| premir Opera mining | The reclamation and operation obligation is to keep the area clean and safe, minimize hazards olic safety, return the land to a useful condition, and reestablish at least 70 percent of the ning vegetative ground cover or within practical limits. To accomplish this, the Permittee / otor will need to perform reclamation concurrently, or at the completion (within one (1) year) of g. Please refer to https://reclamation.org/limits-need/color: bleast-refer to to the practical Guide to Reclamation in Utah , available at off. |
| 1. | Keep the mining operation in a safe, clean, and environmentally stable condition. |
| 2. | Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry. |
| 3. | Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination. |
| 4. | Construct berms, fences, or barriers, when needed, above highwalls and excavations. |
| 5. | Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations. |
| 6. | Remove all waste or debris from stream channels. |
| 7. | Dispose of any trash, scrap metal, wood, machinery, and buildings. |
| 8. | Conduct mining activities so as to minimize erosion and control sediment. |
| 9. | Reclaim all roads that are not part of a permanent transportation system. |
| 10 | Stockpile topsoil and suitable overburden prior to mining. |

| ٧. | VARIANCE REQUEST | (Rule R647-3-110) |
|----|------------------|-------------------|
|----|------------------|-------------------|

Any variance request must be approved in writing by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act.

| | N/A | |
|-----------------------------|---|--|
| tem# | Applicable Rule # (I.e. R647-3-109.10 (If you did not want trenches & pits reclaimed) | |
| Justification: | | |
| Alternate metho | ods or measure to be utilized: | |
| 2 nd Variance Re | Superiod . | |
| z valiance ne | quested | |
| | N/A | |
| Item# | Applicable Rule # | |
| Justification: | | |
| Alternate metho | ods or measure to be utilized: | |
| 3 rd Variance Re | quested | |
| | NIA | |
| Item# | Applicable Rule # | |
| Justification: | | |
| | ods or measure to be utilized: | |

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed

| guide, along with actual site conditions. Receivery three (3) or five (5) years and adjusted upon acceptable Costs Index. Contact the a three (3) or five (5) year period for this part of the second | as necessary for inflation/deflation based Division for the dollar amount required for |
|---|---|
| I have provided or will provide surety in the form of: Certificate of Deposit Letter of Credit Other | SAFEGUARD INSURANCE #5 Surety Bond • Cash (certified funds) (please identify) undecided |
| Form MR-SMO 03132007 | Page 6 |

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The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.

VII. PERMIT FEE (Utah Code Ann. §40-8-7(1)(i))

A permittee's authorization under a notice of intention to conduct small mining operations shall require the paying of permit fees as authorized by the Utah Legislature (R647-3-102.5). Permit fees are assessed to <u>new</u> and <u>existing</u> small mining operations, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a \$150.00 fee, which must accompany this application, or the Division cannot process it.

VIII. SIGNATURE REQUIREMENT

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- c. This certification must be signed by: (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; or (4.) the member or manager if applicant is a limited liability company.

Signature: Date: 5|25|11

Name (typed or printed): CATHERINE ZIEGLER

Title/Position (if applicable): MCE PRESIDENT

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STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

Ziegler Chemical & Mineral Corp. Propose to remove Gilsonite from the Neal # 6 Mine located in

In order to supply the quality and quantity of Gilsonite requested by our customers, ZCMC would like to re-commence mining operations immediately upon approval of this mine plan.

Approximately 600 feet from the present mine opening to the shaft of the Neal #5 mine location an escape route 350 feet from the main shaft will be built along the strike of the vein. An ore bin and airlift system will be installed at the mine shaft to remove ore from the mine. ZCMC will place a derrick and hoist for the raising and lowering of men and materials.

The normal workforce would include two underground miners, one hoist man at the surface and on occasion one timber man. If demand increases more crews will be put in place to meet our customer's needs. The ore mined will reach the surface in an ore bin, from which it will be loaded into covered trucks and transported to ZCMC facilities at Little Bonanza.

The new road will be approximately 1,175 feet long by 15 feet wide. Due to the grade of the terrain construction of this road will require cut and fill. In addition, an area 150 feet by 300 feet will be leveled by cut and fill at the location of the Neal #6 hoist house and compressor shed. The total new disturbed area will be about 1.5 acres.

A portal will be built at the entrance of the Neal #6 mine to facilitate entry and exit of men and equipment. At the Neal #6 mine, a concrete collar approximately 18x 4 feet will be constructed at the surface to stabilize the shaft opening. All openings in the ground (shafts and escape ways) would be fenced with chain link.

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STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

All enclosures would have gates with locks to provide a first line of security. Sufficient area inside the fenced area would be maintained for ingress and egress. The gates would be locked when the mine is not in operation. Signs will be placed in order to warn the public of mining operations.

A number of facilities other than the opening for the mine shaft and escape ways would be located on the surface, including:

- A hoist house and head frame to raise and lower the conveyance in the shaft at Neal #6.
- A 25-30 ton ore bin for the storage and loading of Gilsonite will be located on each mine site.
- A dust collector will be placed on the top of each storage bin to remove dust from the airlift system.
- Airlift fans will be installed on pad next to each head frame. These fans are designed to lift ore to the surface through a 12-inch pipe in the utility shaft.
- A compressor shed, for the diesel-powered compressor.
- Electricity to supply power to the hoists, compressor and fans would be provided by a diesel generator.

Top soil from disturbed areas would be stored in piles in the immediate vicinity of the area from which it will be removed. The topsoil pile will be seeded to stabilize it for future reclamation use.

A small waste rock pile. It is anticipated that very little waste rock would be produced. Only the Gilsonite would be extracted from the vein.

No water would be used in the mining operation. Any underground water encountered will be handled in accordance with federal water regulations and requirements.

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TEL. 1-435-789-3595 • www.zieglerchemical.com

Three Ansul 20-pound fire extinguishers would be on hand: two in the hoist house, and one by the compressor. All rules and regulations regarding fire prevention would be strictly adhered to. If a fire grows so large that is cannot be controlled with fire Extinguishers, Deseret Generation and Transmissions fire crew will be called to assist in fighting the fire. Uintah County/Vernal City will also be called as back up. If an under ground fire occurs, the mine would be sealed. In order to prevent an underground fire, the following precautions will be taken:

- All combustible materials including vegetation will be kept away from mine openings;
- Fire retardant paint will be put on all timber used in mine openings;
- No electrical equipment will be used underground
- Smoking and smoking materials will be prohibited underground.
- There will not be any explosives stored at the mine site.

Miners will be instructed to maintain a clean camp and to report any unusual activities that could be detrimental and/or unlawful. In order to minimize impacts to the environment from personnel involved in mining activities, employees would be subject to the following regulations:

- No open fires of any kind except in approved buildings in approved stoves or furnaces
- No illegal harassing or shooting of wildlife.
- No trash left in any unauthorized place.
- No unnecessary off-road driving.
- No collecting of plants.

For safety and mine efficiency, mobile telephone communications will be maintained between the mine and the Ziegler office in Little Bonanza.

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TEL. 1-435-789-3595 • www.zieglerchemical.com

All garbage and solid wastes (other than wasted rock) will be placed in covered 55 gallon cans then taken to a dumpster, located on ZCMC property. A toilet will be located at the mine site for use by ZCMC personnel. A 10 foot deep pit will be dug underneath the toilet facility to accommodate sewage, which will be allowed to decompose in –situ.

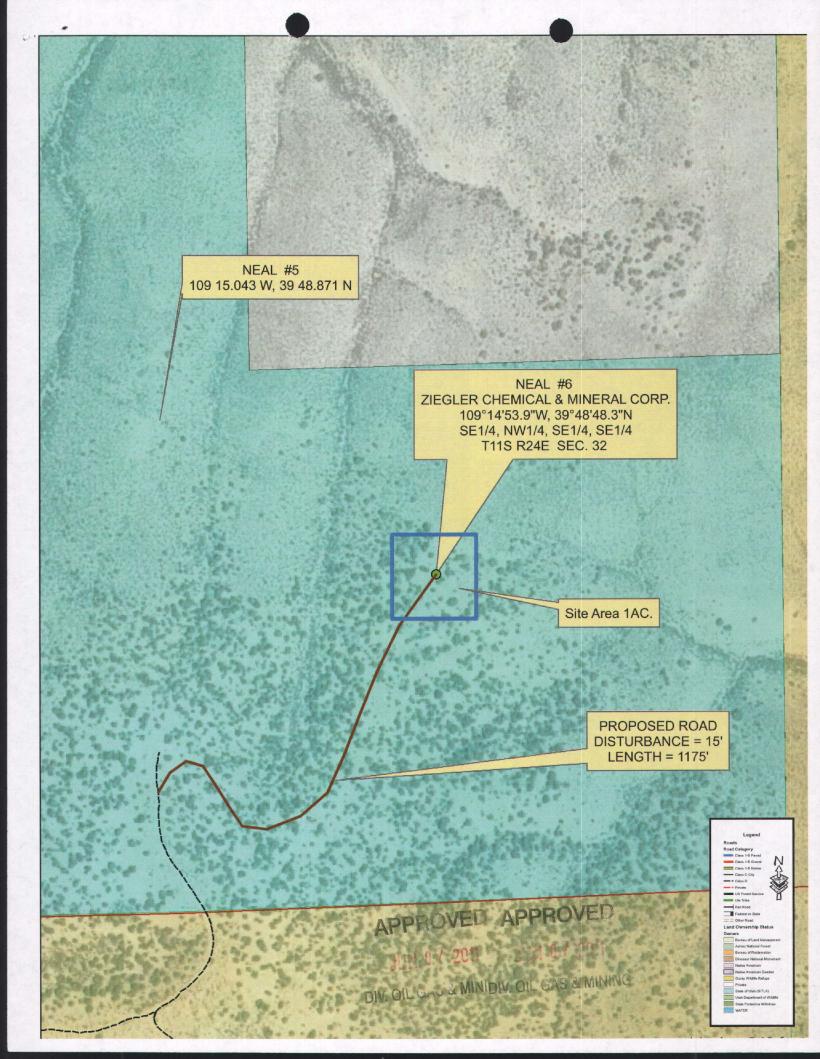
When the mineshafts and escape ways are ready for closure, final designs would be submitted to the Division before seal construction. The collar and other structures will be removed. The mine openings will be sealed with 18 inch thick concrete reinforced with rebar placed on 12 inch centers. If the seal is to be in an exposed rock outcrop, the top of the seal will be constructed to conform to the contour of the outcrop and will be no higher than the adjacent rock. The bottom of the seal would be placed on bedrock. If the seal is location where soil would cover the seal, the bottom of the seal will be placed on bedrock and covered with a minimum of 4 feet of topsoil.

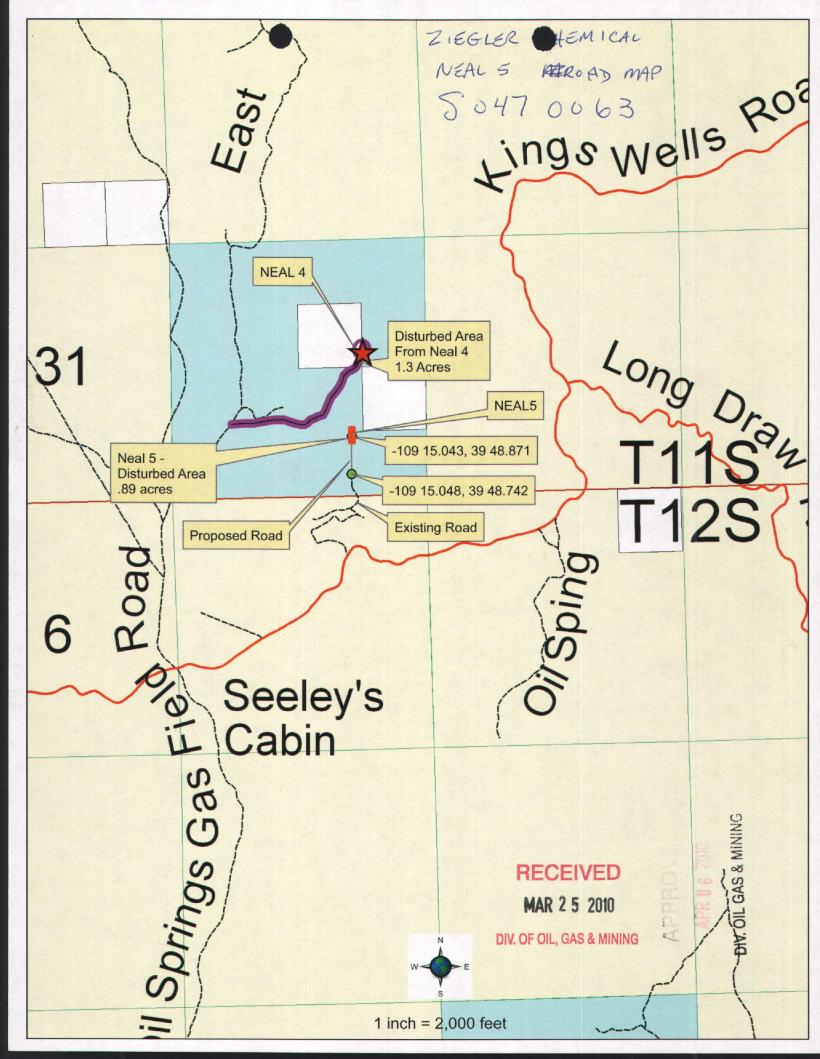
Upon completion of mine operations, all machinery, equipment and debris would be removed from the site. The site would be graded to conform as closely as possible to pre-mining conditions. The reclaimed area will be scarified, and re-vegetated with a seed mixture approved by D.O.G.M.

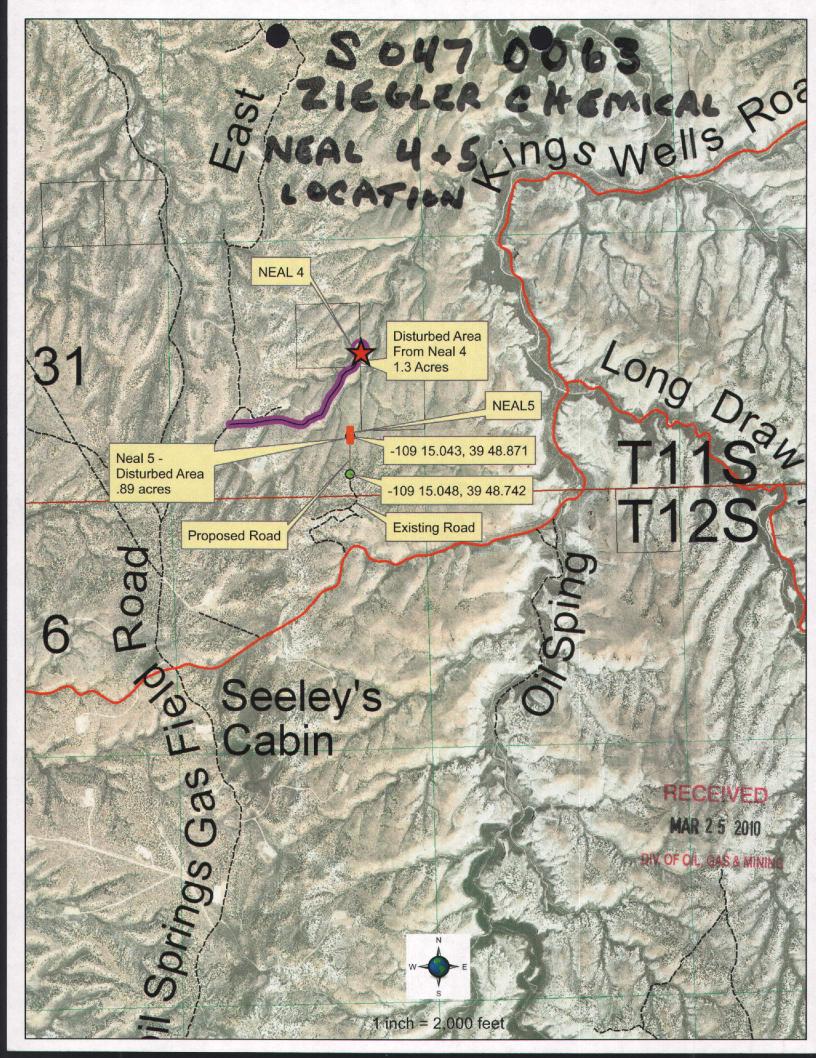
Ritchie Anderson Mine Superintendent

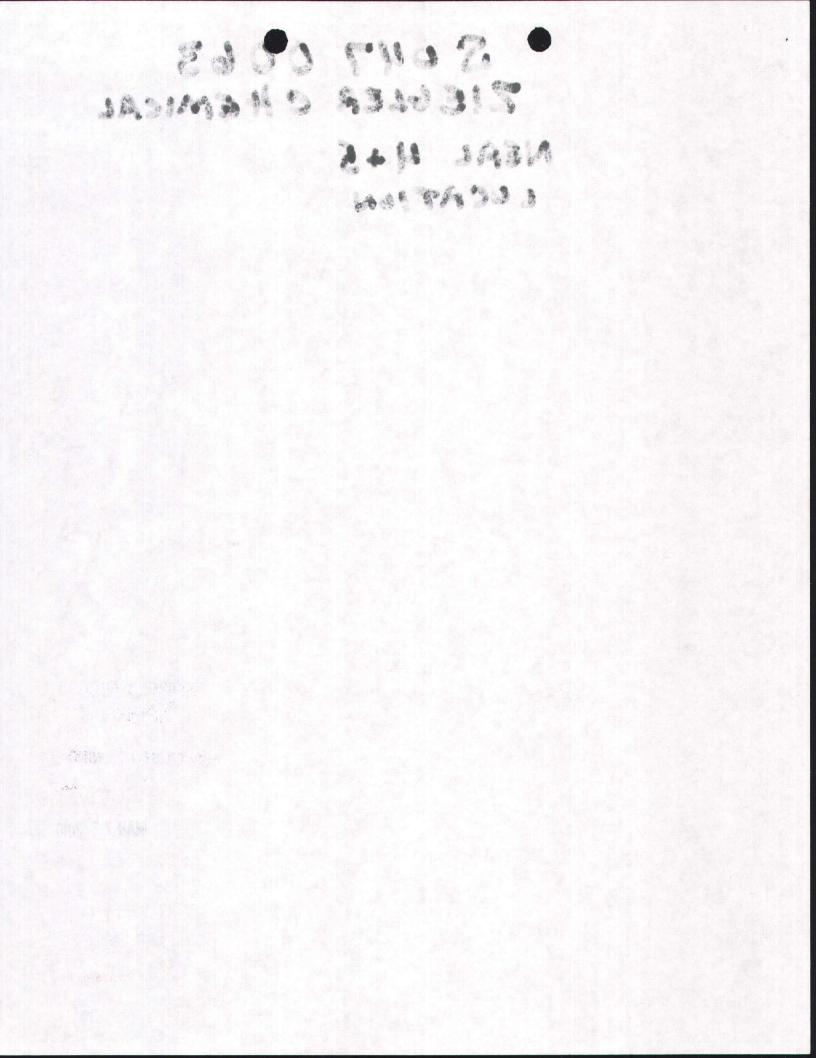
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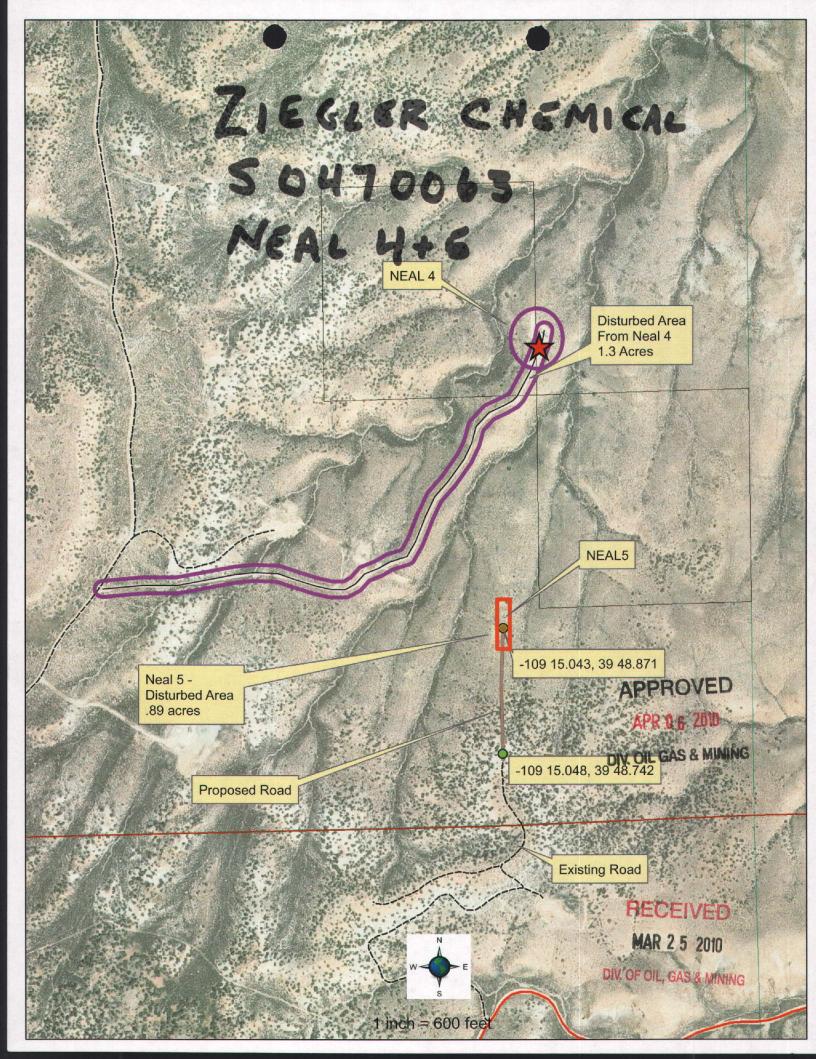
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Ziegler Chemical & Mineral Corp proposes to remove Gilsonite from two (2) mines located in ML-49730 OBA. This lease is located in Section 32, T11S, R24E in Uintah County, Utah. The lease includes the following described lands:

The Neal #3 mine is located in the N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of section 32, and the Neal #4 mine will be located in the SW $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of section 32. The Neal #4 will be located approximately 1800 feet to the northeast of the Neal #3.

In order to supply the quality and quantity of Gilsonite requested by our customers, ZCMC would like to re-commence mining operations immediately upon approval of this mine plan.

Approximately 1800 feet from the present mine opening to the northeast the Neal #4 mine location will be built to provide for an escape route 300 feet from the main shaft along the strike of the vein. An ore bin and airlift system will be installed at the mine shaft to remove ore from the mine. ZCMC will place a derrick and hoist for the raising and lowering of men and materials.

The normal workforce would include two underground miners, one hoist man at the surface and on occasion one timber man. If demand increases more crews will be put in place to meet our customer's needs. The ore mined will reach the surface in an ore bin, from which it will be loaded into covered trucks and transported to ZCMC facilities at Little Bonanza.

The new road will be approximately 1800 feet long by 16 feet wide. Due to the grade of the terrain construction of this road will require cut and fill. In addition, an area 120 feet by 100 feet will be leveled by cut and fill at the location of the Neal #4 hoist house and compressor shed. The total new disturbed area will be about .93 acres.

A portal will be built at the entrance of the Neal #4 mine to facilitate entry and exit of men and equipment. At the Neal #4 mine, a concrete collar approximately 18 x 4 feet will be constructed at the surface to stabilize the shaft opening. All openings in the ground (shafts and escape ways) would be fenced with chain link fencing. All enclosures

OCT 2 0 2008

would have gates with locks to provide a first line of security. Sufficient area inside the fenced area would be maintained for ingress and egress. The gates would be locked when the mine is not in operation. Signs will be placed in order to warn the public of mining operations.

A number of facilities other than the opening for the mine shaft and escape ways would be located on the surface, including:

- A hoist house and head frame to raise and lower the conveyance in the shaft at Neal #4.
- A 25-30 ton ore bin for the storage and loading of Gilsonite will be located on each mine site.
- A dust collector will be placed on the top of each storage bin to remove dust from the airlift system.
- Airlift fans will be installed on pad next to each head frame. These fans are designed to lift ore to the surface through a 12-inch pipe in the utility shaft.
- A compressor shed, for the diesel-powered compressor.
- Electricity to supply power to the hoists, compressor and fans would be provided by a diesel generator.

Top soil from disturbed areas would be stored in piles in the immediate vicinity of the area from which it will be removed. The topsoil pile will be seeded to stabilize it for future reclamation use.

A small waste rock pile. It is anticipated that very little waste rock would be produced. Only the Gilsonite would be extracted from the vein.

No water would be used in the mining operation. Any underground water encountered will be handled in accordance with federal water regulations and requirements.

Three Ansul 20-pound fire extinguishers would be on hand: two in the hoist house, and one by the compressor. All rules and regulations regarding fire prevention would be strictly adhered to. If a fire grows so large that is cannot be controlled with fire Extinguishers, Deseret Generation and Transmissions fire crew will be called to assist in fighting the fire. Uintah County/Vernal City will also be called as back up. If an under ground fire occurs, the mine would be sealed. In order to prevent and underground fire, the following precautions will be taken:

- All combustible materials including vegetation will be kept away from mine openings;
- Fire retardant paint will be put on all timber used in mine openings;
- No electrical equipment will be used underground; and
- Smoking and smoking materials will be prohibited underground.
- There will not be any explosives stored at the mine site.

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Miners will be instructed to maintain a clean camp and to report any unusual activities that could be detrimental and/or unlawful. In order to minimize impacts to the environment from personnel involved in mining activities, employees would be subject to the following regulations:

- No open fires of any kind except in approved buildings in approved stoves or furnaces
- No illegal harassing or shooting of wildlife.
- No trash left in any unauthorized place.
- · No unnecessary off-road driving.
- No collecting of plants.

For safety and mine efficiency, mobile telephone communications will be maintained between the mine and the Ziegler office in Little Bonanza.

All garbage and solid wastes (other than wasted rock) will be placed in covered 55 gallon cans then taken to a dumpster, located on ZCMC property. A toilet will be located at the mine site for use by ZCMC personnel. A 10 foot deep pit will be dug underneath the toilet facility to accommodate sewage, which will be allowed to decompose in –situ.

When the mineshafts and escape ways are ready for closure, final designs would be submitted to the Division before seal construction. The collar and other structures will be removed. The mine openings will be sealed with 18 inch thick concrete reinforced with rebar placed on 12 inch centers. If the seal is to be in an exposed rock outcrop, the top of the seal will be constructed to conform to the contour of the outcrop and will be no higher than the adjacent rock. The bottom of the seal would be placed on bedrock. If the seal is location where soil would cover the seal, the bottom of the seal will be placed on bedrock and covered with a minimum of 4 feet of topsoil.

Upon completion of mine operations, all machinery, equipment and debris would be removed from the site. The site would be graded to conform as closely as possible to premining conditions. The reclaimed area will be scarified, and re-vegetated with a seed mixture approved by D.O.G.M.

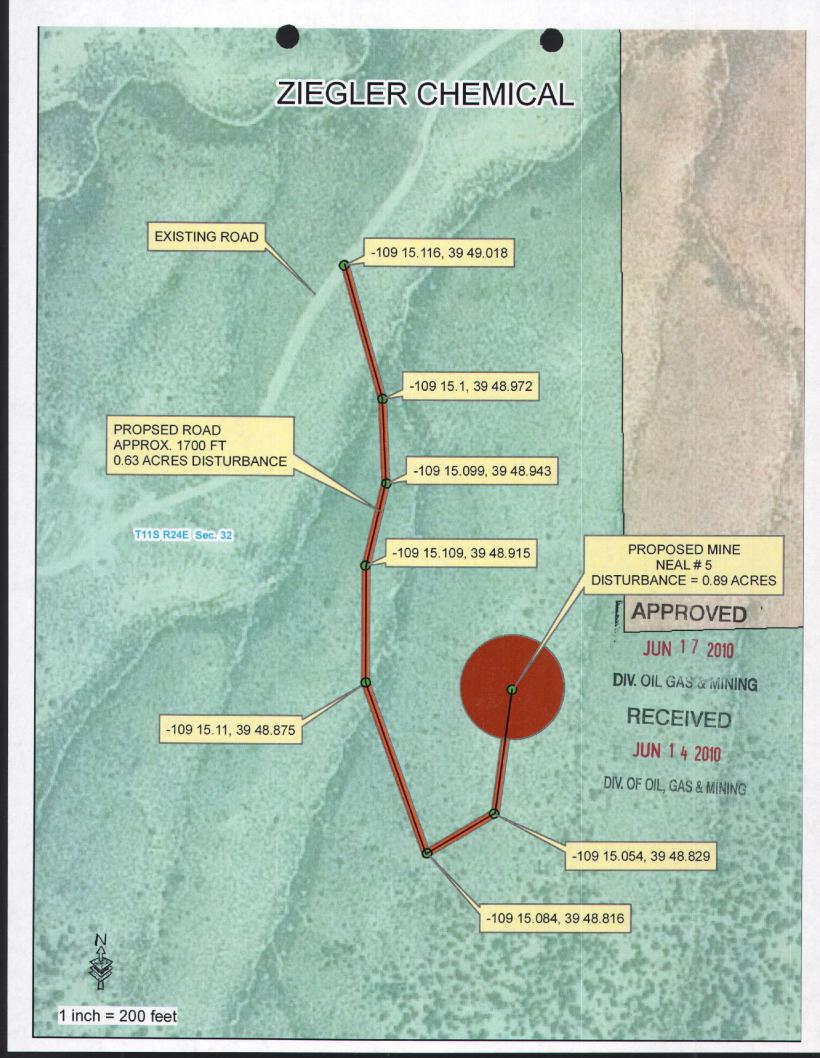
Bob Davis

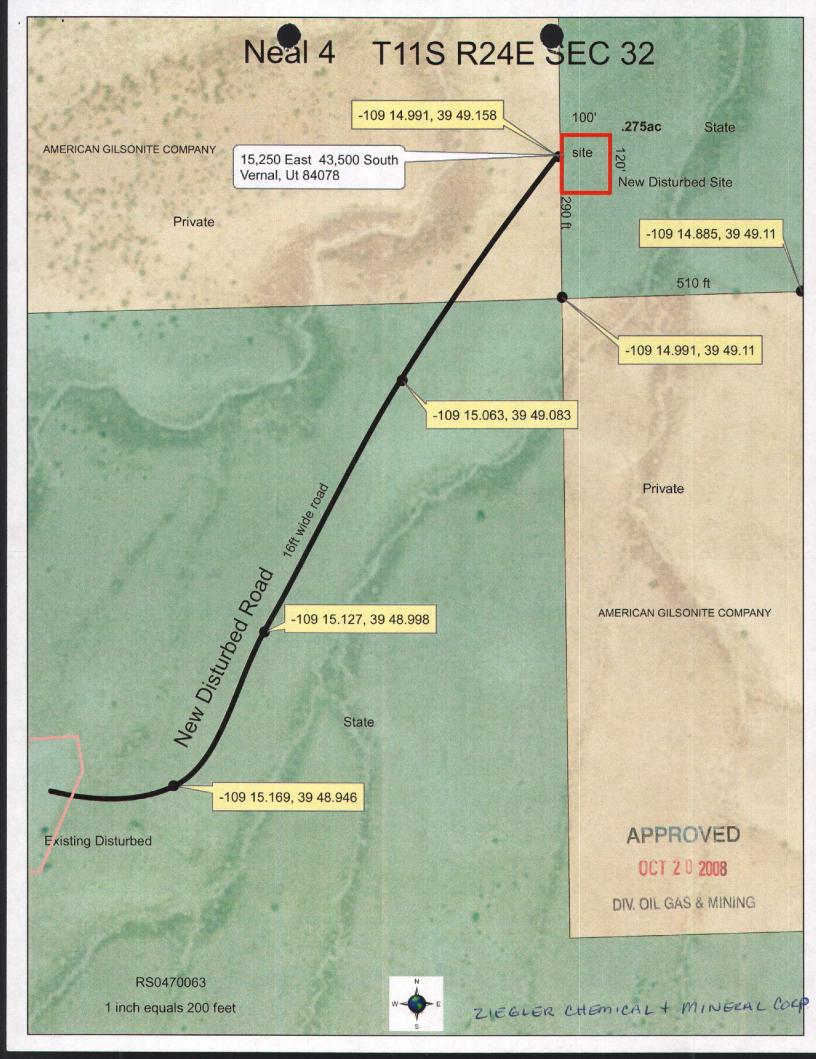
Mine Superintendent

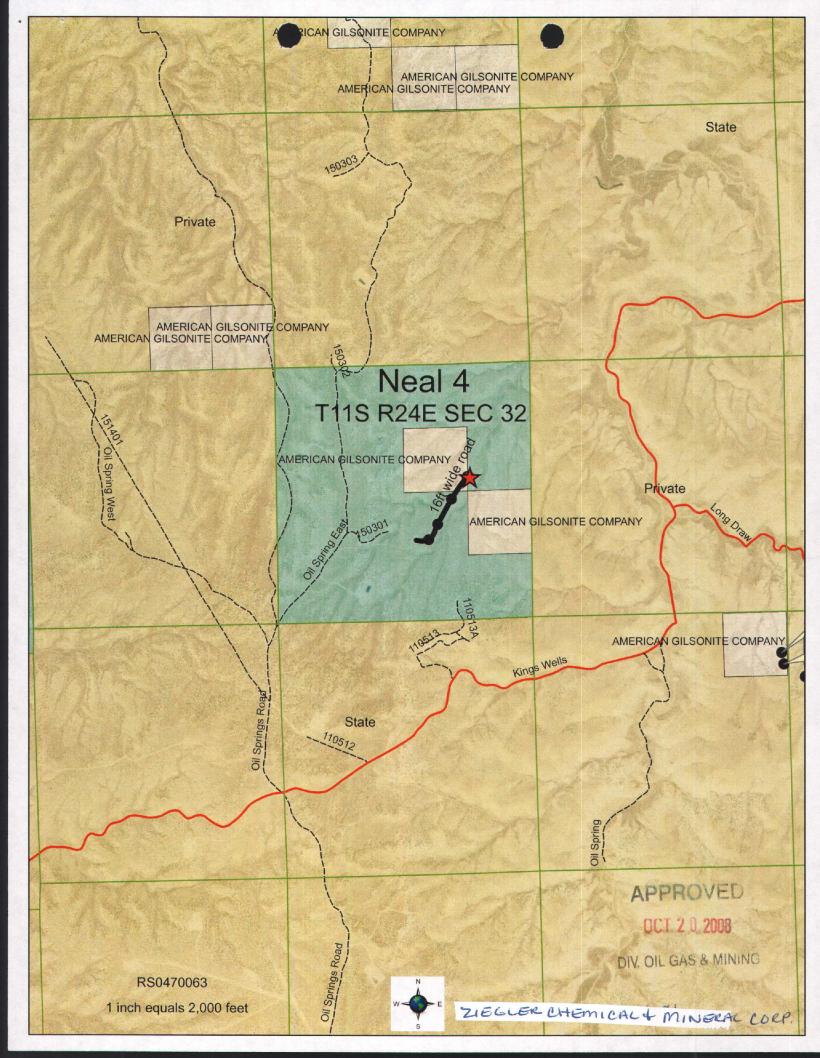
Post Slavies

OCT 2 0 2008

DIV. OIL GAS & MINING









STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

Ziegler Chemical & Mineral Corp. Propose to remove Gilsonite from the Neal # 5 Mine located in

In order to supply the quality and quantity of Gilsonite requested by our customers, ZCMC would like to re-commence mining operations immediately upon approval of this mine plan.

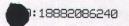
Approximately 893 feet from the present mine opening to the southeast of the Neal #3 mine location an escape route 138 feet from the main shaft will be built along the strike of the vein. An ore bin and airlift system will be installed at the mine shaft to remove ore from the mine. ZCMC will place a derrick and hoist for the raising and lowering of men and materials.

The normal workforce would include two underground miners, one hoist man at the surface and on occasion one timber man. If demand increases more crews will be put in place to meet our customer's needs. The ore mined will reach the surface in an ore bin, from which it will be loaded into covered trucks and transported to ZCMC facilities at Little Bonanza.

The new road will be approximately 700 feet long by 16 feet wide. Due to the grade of the terrain construction of this road will require cut and fill. In addition, an area 120 feet by 100 feet will be leveled by cut and fill at the location of the Neal #5 hoist house and compressor shed. The total new disturbed area will be about .89 acres.

A portal will be built at the entrance of the Neal #5 mine to facilitate entry and exit of men and equipment. At the Neal #5 mine, a concrete collar approximately 18x 4 feet will be constructed at the surface to stabilize the shaft opening. All openings in the ground (shafts and escape ways) would be fenced with chain link.

APR 0 6 2010





STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

All enclosures would have gates with locks to provide a first line of security. Sufficient area inside the fenced area would be maintained for ingress and egress. The gates would be locked when the mine is not in operation. Signs will be placed in order to warn the public of mining operations.

A number of facilities other than the opening for the mine shaft and escape ways would be located on the surface, including:

- A hoist house and head frame to raise and lower the conveyance in the shaft at Neal #5.
- A 25-30 ton ore bin for the storage and loading of Gilsonite will be located on each mine site.
- A dust collector will be placed on the top of each storage bin to remove dust from the airlift system.
- Airlift fans will be installed on pad next to each head frame. These fans are designed to lift ore to the surface through a 12-inch pipe in the utility shaft.
- A compressor shed, for the diesel-powered compressor.
- Electricity to supply power to the hoists, compressor and fans would be provided by a diesel generator.

Top soil from disturbed areas would be stored in piles in the immediate vicinity of the area from which it will be removed. The topsoil pile will be seeded to stabilize it for future reclamation use.

A small waste rock pile. It is anticipated that very little waste rock would be produced. Only the Gilsonite would be extracted from the vein.

No water would be used in the mining operation. Any underground water encountered will be handled in accordance with federal water regulations and requirements.

APR 0 6 2010



STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

Three Ansul 20-pound fire extinguishers would be on hand: two in the hoist house, and one by the compressor. All rules and regulations regarding fire prevention would be strictly adhered to. If a fire grows so large that is cannot be controlled with fire Extinguishers, Deseret Generation and Transmissions fire crew will be called to assist in fighting the fire. Uintah County/Vernal City will also be called as back up. If an under ground fire occurs, the mine would be sealed. In order to prevent an underground fire, the following precautions will be taken:

- All combustible materials including vegetation will be kept away from mine openings;
- Fire retardant paint will be put on all timber used in mine openings;
- No electrical equipment will be used underground
- Smoking and smoking materials will be prohibited underground.
- There will not be any explosives stored at the mine site.

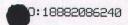
Miners will be instructed to maintain a clean camp and to report any unusual activities that could be detrimental and/or unlawful. In order to minimize impacts to the environment from personnel involved in mining activities, employees would be subject to the following regulations:

- No open fires of any kind except in approved buildings in approved stoves or furnaces
- No illegal harassing or shooting of wildlife.
- No trash left in any unauthorized place.
- No unnecessary off-road driving.
- No collecting of plants.

For safety and mine efficiency, mobile telephone communications will be maintained between the mine and the Ziegler office in Little Bonanza.

APPROVED

APR 0.6 2010





STAR ROUTE, LITTLE BONANZA, UTAH 84078

TEL. 1-435-789-3595 • www.zieglerchemical.com

All garbage and solid wastes (other than wasted rock) will be placed in covered 55 gallon cans then taken to a dumpster, located on ZCMC property. A toilet will be located at the mine site for use by ZCMC personnel. A 10 foot deep pit will be dug underneath the toilet facility to accommodate sewage, which will be allowed to decompose in -situ.

When the mineshafts and escape ways are ready for closure, final designs would be submitted to the Division before seal construction. The collar and other structures will be removed. The mine openings will be sealed with 18 inch thick concrete reinforced with rebar placed on 12 inch centers. If the seal is to be in an exposed rock outcrop, the top of the seal will be constructed to conform to the contour of the outcrop and will be no higher than the adjacent rock. The bottom of the seal would be placed on bedrock. If the seal is location where soil would cover the seal, the bottom of the seal will be placed on bedrock and covered with a minimum of 4 feet of topsoil.

Upon completion of mine operations, all machinery, equipment and debris would be removed from the site. The site would be graded to conform as closely as possible to pre-mining conditions. The reclaimed area will be scarified, and re-vegetated with a seed mixture approved by D.O.G.M.

Bob Davis

Mine Superintendent

Ziegler Chemical & Mineral Corp.

PROPOSED MINE PLAN

ML-46896

NEAL #2 and NEAL #3

Ziegler Chemical & Mineral Corp. proposes to remove Gilsonite from two (2) mines located in ML-46896. This lease is located in Section 32, T11S, R24E in Uintah County, Utah. The lease includes the following described lands:

Township 11 South, Range 24 East, SL Meridian, Uintah County, Utah, Section 32:

| SW4NW4NW4NW4, | SW14NW14N | W ¹ 4, NW ¹ 4SE ¹ 4NW ¹ 4, |
|---|---|---|
| SIZSEIANWIANWIA, | N ¹ 2SW ¹ 4NW ¹ 4 | $N_{2}SW_{4}SW_{4}NW_{4}$ |
| SE4SW4NW4, | NW4SE4NW4NW | 4, NW14NE14SE14NW14, |
| SINEIASEIANWIA, | S12SE14NW14, | NEIANEIANWIASWIA, |
| NINWANEISWI, | NEIANEIASWIA | NE4SE4NE4SW4, |
| N ¹ 2NW ¹ 4SE ¹ 4, | N12SW14 NW14S | SE4, SE4NW4SE4, |
| N12NW14SE14SE14, | NE4SE4SE | 4, N ¹ 2NE ¹ 4NW ¹ 4NW ¹ 4, |
| N12NE14NW14, | N ¹ 2SE ¹ 4NE ¹ 4NW ¹ 4 | $S_{2}NW_{4}NW_{4}SW_{4}$ |
| S12NW14SW14, | SIZSWIANEIASWIA, | SW4SW4NE4NW4, |
| NW4NW4SW4SE4, | S12NW14SW14SE1 | $SW^{1}4NE^{1}4SW^{1}4SE^{1}4$ |
| S½SW¼SE¼, NW | 4SW4SE4SE4, | S12SW14SE14SE14, S12SW14. |

The Neal #2 mine is located in the NE4SE4NE4SW4 of section 32, and the Neal #3 mine will be located in the N4SW4NW4SE4, again, in section 32. The Neal #3 will be located approximately 430 feet to the southeast from the Neal #2 location, along the strike of the vein. Ziegler Chemical has previously mined from one (1) shaft (Neal #1) located in the N4SW4SW4NW4 also of section 32. A topographic map showing the area covered by ML-46896 and the locations of both the Neal #2 and Neal #3 is enclosed.

In order to supply the appropriate quality and quantity of Gilsonite requested by our customers, ZCMC would like to recommence mining operations immediately upon approval of this mine plan. Whereas; some mining has occurred at the Neal #2 location (SE¼NE¼NE¼SW¼). ZCMC will, upon approval of this mine plan, continue mining at this location. ZCMC will mine downward lengthening the slopes as the ore is mined.

Approximately 430 feet from the present mine opening to the southeast along the strike of the vein the Neal #3 mine location will be built to provide for an escape route for the Neal #2 mine. ZCMC will place a derrick and hoist house for raising and lowering men from the mine at the Neal #3. An ore bin and airlift system will be installed at both mine sites to remove ore.

The escapeway will consist of a drift between the Neal #2 and Neal #3 mined 35 feet below the surface to within 25 feet of the southeast property line, approximately 495 feet from the Neal #2 mine opening.

It is estimated that the Neal #2 and Neal #3 will produce 20-30 tons of Gilsonite a day. It is anticipated that one crew will work both of these mines. The normal workforce would include two underground miners, one hoistman at the surface and on occasion one timberman. If demand increases more crews will be put in place to meet our customers needs. The ore mined will reach the surface in an ore bin, from which it will be loaded into covered trucks and transported to ZCMC facilities at Little Bonanza.

From the King's Well road, Ziegler will maintain approximately 7,000 feet of access to the Neal #2 mine. This old two-track road has been graded to a width of 14 feet. A new roadway to access the Neal #3 mine will need to be constructed. The new road will be approximately 1,000 feet long by 14 feet wide. Due to the grade of the terrain Construction of this road will require cut and fill. In addition, an area 150 feet by 300 feet will be leveled by cut and fill at the location of the Neal #3 hoist house and compressor shed. Each mine site will be approximately 150 feet wide by 300 feet long. The access roads to the Neal #2 site and the proposed road to the Neal #3 site, combined are about 2,000 feet long. The two (2) mine sites (150 x 300 x 2 / 43,560 sq. ft.) and the two (2) new roadways (1,000 x 14 x 2 / 43,560 sq. ft.) will disturb about 2.7 acres.

A portal will be built at the entrance of the Neal #2 mine to facilitate entry and exit of men and equipment. At the Neal #3 mine, a concrete collar approximately 18 x 4 feet will be constructed at the surface to stabilize the shaft opening. All openings in the ground (shafts and escapeways) would be fenced with chain link fencing. All enclosures would have gates with locks to provide a first line of security. Sufficient area inside the fenced area would be maintained for ingress and egress. The gates would be locked when the mine is not in operation. Signs will be placed in order to warn the public of mining operations.

A number of facilities other than the openings for the mine shaft and escapeways would be located on the surface, including:

- · A hoist house and headframe to raise and lower the conveyance in the shaft at Neal #3.
- A 25-30 ton ore bin for the storage and loading of Gilsonite will be located on each mine site.
- · A dust collector will be placed on the top of each storage bin to remove dust from the airlift system.
- · Airlift fans will be installed on a pad next to each headframe. These fans are designed to lift ore to the surface through a 12-inch pipe in the utility shaft.
- · A compressor shed, for the diesel-powered compressor.
- · Topsoil from disturbed areas would be stored in piles in the immediate vicinity of the area from which it was removed. The topsoil pile will be seeded to stabilize it for future reclamation use.
- · A small waste rock pile. It is anticipated that very little waste rock would be produced. Only the Gilsonite would be extracted from the vein.
- · Electricity to supply power to the hoists, compressor, and fans would be provided by a diesel generator.

No water would be used in the mining operation. Any underground water encountered will be handled in accordance with federal water regulations and requirements.

Three Ansul 20-pound fire extinguishers would be on hand: two in the hoist house, and one by the compressor. All rules and regulations regarding fire prevention would be strictly adhered to. If a fire grows so large that it cannot be controlled with fire extinguishers, Deseret Generation and Transmissions fire crew will be called to assist in fighting the fire. Uintah County/Vernal City will also be called as back up. If an under ground fire occurs, the mine would be sealed. In order to prevent an underground fire, the following precautions will be taken:

 All combustible materials including vegetation will be kept away from mine openings;

- Fire retardant paint will be put on all timber used in mine openings;
- · No electrical equipment will be used underground; and
- · Smoking and smoking materials will be prohibited underground.
- · There will not be any explosives stored at the mine site.

Miners will be instructed to maintain a clean camp and to report any unusual activities that could be detrimental and/or unlawful. In order to minimize impacts to the environment from personnel involved in mining activities, employees would be subject to the following regulations:

- · No open fires of any kind except in approved buildings in approved stoves or furnaces.
- · No illegal harassing or shooting of wildlife.
- · No trash left in any unauthorized place.
- · No unnecessary off-road driving.
- · No collecting of plants.

For safety and mine efficiency, mobile telephone communications will be maintained between the mine and the Ziegler office in Little Bonanza.

All garbage and solid wastes (other than waste rock) will be placed in covered 55-gallon cans then taken to a Dumpster, located on ZCMC property. A commercial operator will then haul the Dumpster to the county landfill. A toilet will be located at the mine site for use by ZCMC personnel. A 10-foot deep pit will be dug underneath the toilet facility to accommodate sewage, which will be allowed to decompose in-situ.

When the mineshafts and escapeways are ready for closure, final designs would be submitted to the Division before seal construction. The collar and other structures will be removed. The mine openings will be sealed with 18-inch thick concrete reinforced with rebar placed on 12-inch centers. If the seal is to be in an exposed rock outcrop, the top of the seal will be constructed to conform to the contour of the outcrop and will be no higher than the adjacent rock. The bottom of the seal would be

placed on bedrock. If the seal is location where soil would cover the seal, the bottom of the seal will be placed on bedrock and covered with a minimum of 4 feet of topsoil.

Upon completion of mine operations, all machinery, equipment, and debris would be removed from the site. The site would be graded to conform as closely as possible to premining conditions. The reclaimed area will be scarified, and re-vegetated with a seed mixture approved by D.O.G.M

The following is a table of estimated reclamation costs for the Neal #2 and Neal #3 mines.

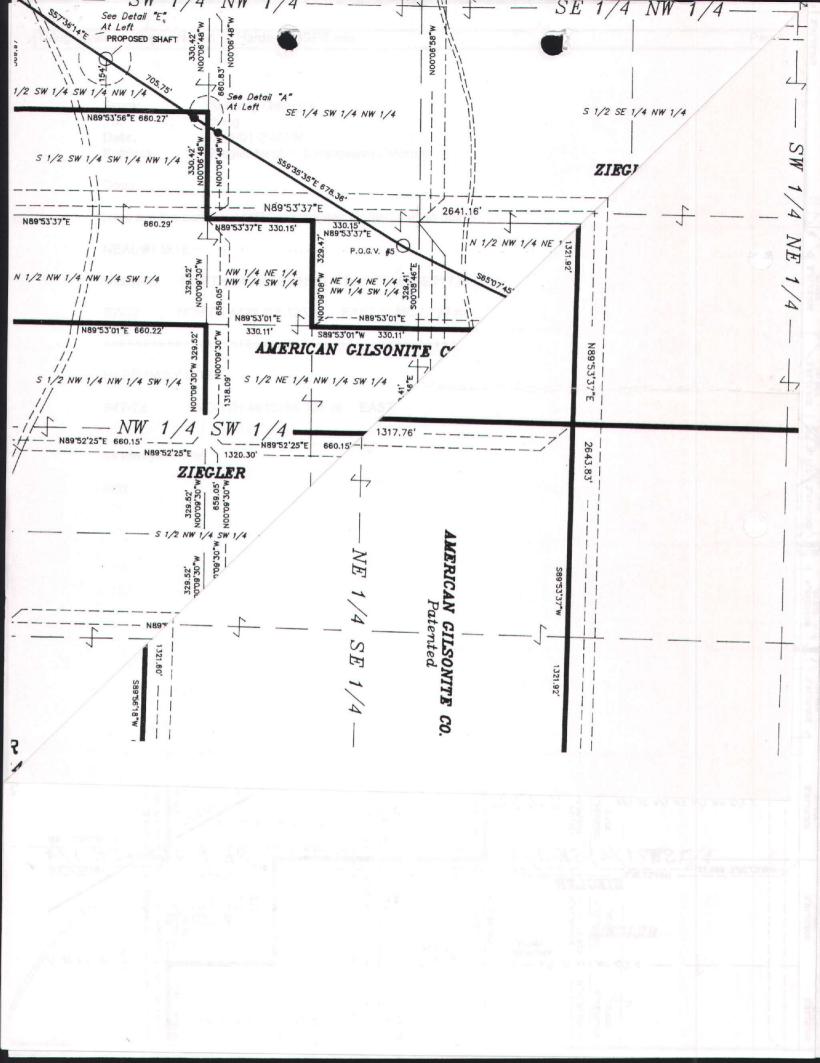
| Reclamation Estimate | |
|--------------------------------|--|
| ML-46896, Uintah County, UT | |
| Neal #2 & #3 mines | |

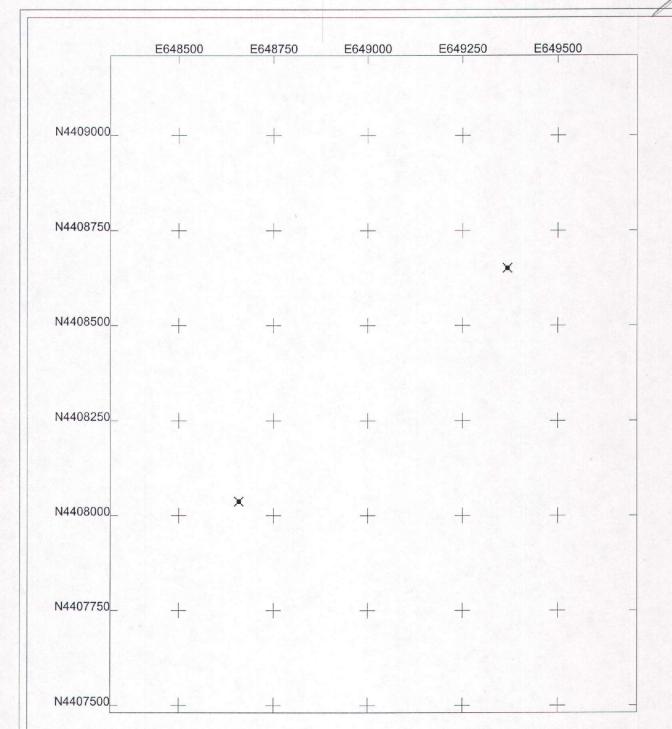
| Structure removal | #units | units | \$/unit | \$ amount |
|----------------------------|--------|-------|---------|-------------|
| Crane, 55 ton & oper. | 8 | hrs | 169.91 | \$ 1,359.28 |
| Tractor, trailer | 32 | hrs | 90 | \$ 2,880.00 |
| Canning | | | | |
| <u>Capping</u> concrete | 13.5 | CY | 100 | \$ 1,350.00 |
| 1carpenter foreman | 80 | hrs | 45.6 | \$ 3,648.00 |
| 2 carpenter helpers | 160 | hrs | 34.7 | \$ 5,552.00 |
| forms, etc. (SUM) | 52 | sum | 7.2 | \$ 374.40 |
| rebar (SUM) | 22 | sum | 5.3 | \$ 116.60 |

| Earthwork & | & Grading |
|-------------|-----------|
|-------------|-----------|

| Dozer, 300 H.P. | 40 | hrs | 136.69 | \$ 5,467.60 |
|----------------------------|-----|------|--------|-------------|
| backhoe & operator | 24 | hrs | 116.53 | \$ 2,796.72 |
| | | | | |
| Revegetation | | | | |
| tractor + drill + operator | 16 | hrs | 66.76 | \$ 1,068.16 |
| seed mix @ 12 lbs./acre | 2.7 | acre | 36.25 | \$ 1,174.50 |
| fertilizer @ 200 lbs./acre | 2.7 | acre | 0.14 | \$ 75.60 |
| | | | _ | |

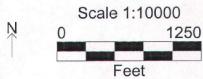
TOTAL \$25.862.86





neal-1 (shaft-N1 and SW32)

Universal Transverse Mercator 12 North NAD 1927 (Western US)



r051517a.cor 6/13/2001 Pathfinder Office Trimble



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt Governor David T. Terry 675 East 500 South, Suite 500 Sait Lake City, Utah 84102-2818 801-538-5100 801-355-0922 (Fax) http://www.trustlands.com

July 5, 2001

Stan Wagner Ziegler Chemical & Minerals Star Route Vernal, Utah 84078



Re: Acceptance of Amendment to Notice of Intent to Commence Small Operation, Neal # 2 and Neal # 3, Gilsonite Lease ML 47536-OBA, DOGM File S/047/063, Uintah County, Utah

Dear Mr. Wagner:

On June 5, 2001, the School and Institutional Trust Lands Administration (Trust Lands Administration) received the above referenced Notice of Intent to Commence Small Mining Operations (NOI) as prepared by Mr. Gayle McKeachnie. Because the referenced NOI encompasses lands included under Gilsonite Lease # 47536-OBA, as did the NOI for the original Neal # 1 mine, the Trust Lands Administration will consider this NOI an amendment to the original Neal # 1 NOI.

Approval to commence with the operations at the Neal # 2 & 3 was delayed pending resolution of royalty payments associated to mineral extraction at the Neal # 2 mine. With satisfaction of the lease obligations and with final review of the referenced amendment the Trust Lands Administration considers the amended NOI complete and no additional information is required. Permission is hereby granted to continue with operations at the Neal # 2 and #3.

Under the original Neal #1 NOI the Utah State Historical Preservation Office (SHPO) did not require a cultural survey of the Neal #1 mine site. As mining operations and mine site development is already completed at the Neal #2 and #3 sites, a recommendation from SHOP regarding a cultural survey of these sites would be meaningless. However, compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical, or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

Currently Ziegler Chemical and Minerals has in place a \$24,000.00 surety bond, bond # 5618389, issued by Great American Insurance Company, as surety for reclamation of surface disturbance and other lease obligations assumed under the referenced gilsonite lease. At the present time the Trust Lands Administration considers the amount of bonding sufficient for reclamation of 4.8 acres of surface disturbance. Should cumulated surface disturbance from



Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

June 29, 2001

Stan Wagner Ziegler Chemical & Minerals Star Route Vernal, Utah 84078

Re:

Acceptance of Amended Notice of Intention to Commence Small Mining Operations, Neal #2 & 3, \$/047/063, Uintah County, Utah

Dear Mr. Wagner:

On March 11, 2001, we received your Notice of Intention to Commence Small Mining Operations. The Division reviewed and accepts this notice as an amendment to the Neal #1 permit because of our neighboring sites policy; therefore, the \$100.00 fee attached to the application will be applied towards the 2001-2001 permit fee. The application for the proposed project Neal #2 & #3, located in Section 32, T11S, R24E, SLBM, is considered complete and no additional information is required by the Division at this time. You may commence with the proposal as outlined, provided you have received written acceptance from SITLA.

Any deviation to the plan as approved should be submitted to the Division for review before any further disturbances take place. It should also be noted that SITLA has canceled ML 46896 and operations at this site are presently under ML 47536 OBA.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices", and the statutory penalty for failure to reclaim a minesite (SMO 1-2). Please give special consideration to item #10 of the "Operation and Reclamation Practices" (SMO-1). Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Should you wish to expand your operation beyond the five acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements. Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining operation.

Sincerely,

Doug Jensen

Senior Reclamation Specialist

jb Enclosure

cc: Gayle McKeachnie, McKeachnie, Allred ... Will Stokes, SITLA (ML 47536 OBA)

S047-63.amd

A A A T

Ackeachnie, Allred, AcClellan & Trotter, J.C.

Attorneys, Mediators, and Counselors

Gayle F. McKeachnie Clark B. Allred Clark A. McClellan Donna M. Trotter 5/47/063

Offices in Vernal & Roosevelt

121 West Main Street Vernal, Utah 84078 Phone: (435) 789-4908 Fax: (435) 789-4918 E-mail: mca@ubtanet.com

72 North 300 East (123-14) Roosevelt, Utah 84066 Phone: (435) 722-3928 Fax: (435) 722-3920 E-mail: clarka@ubtanet.com

Reply to:

Vernal Office

June 4, 2001

D. WAYNE HEDBERG, PERMIT SUPERVISOR STATE OF UTAH DIVISION OF OIL, GAS AND MINING 1594 WEST NORTH TEMPLE, SUITE 1210 SALT LAKE CITY UTAH 84114-5801

RE: LEASE ML-46896, NEAL #1

Dear Mr. Hedberg:

RECEIVED

JUN 1 1 2001

DIVISION OF OIL, GAS AND MINING

On behalf of Ziegler Chemical & Mineral Corp., we would like to offer this explanation as to some happenings that have just come to ZCMC's attention. In 1995, Ziegler Chemical and Mineral Corp. submitted a mine plan for the Neal #1 mine located in section 32, T11S, R24E. Subsequently, approval to mine was granted and ZCMC proceeded to develop the Neal #1 mine. The vein at this location was discovered to be splintered and faulted with large rocks and impossible to mine. An attempt was made to sink a shaft through the rock to find a vein that could be worked. All efforts failed to find a vein large enough to mine. Mining was then discontinued, the derrick, hoist house, compressor shed, and generator were removed from the site. The mine collar was sealed with cement and the area was contoured, scarified, and seeded.

Sometime in 1998 or the spring of 1999 ZCMC began developing a new mine site. The new site was 3,000 feet to the southeast of the original Neal #1 mine site along the strike of the vein. This new site for some reason kept the Neal #1 mine name by ZCMC. This new site is within ML-47536-OBA and is located in the SE¼NE¼NE¼SW¼ of section 32, T11S, R24E. A derrick was set over the cement mine collar, the hoist house, compressor shed, generator, and an ore bin was put in place. After trying to sink the shaft in ore, the Gilsonite vein disappeared. ZCMC brought in a drill and tried to locate the vein by drilling in the shaft, but was unsuccessful.

After the drilling attempt, ZCMC moved to the southeast along

Mr. Wayne Hedberg
June 4, 2001
Page 2

from the new mine s
Compressed air lines
mine site to the vein
at a depth of three (
hill. Mining into th
mined into the hills
about 65 feet. There
site located in the s
the fall of 1999 min
the equipment was mon
the NE¼SW¼, Sec. 7, T1

The vein on the

from the new mine site and located the vein with a backhoe. Compressed air lines and 12-inch vacuum pipe were extended from the mine site to the vein exposed by the backhoe. The vein was exposed at a depth of three (3) feet for a 130 foot length as it goes up a hill. Mining into the vein begins at the bottom of the hill. ZCMC mined into the hillside approximately 166 feet and to a depth of about 65 feet. There was about 230 ton of ore removed from this site located in the NE4SE4NE4SW4 of section 32, T11S, R24E. In the fall of 1999 mining was discontinued at this site and all of the equipment was moved to Ziegler's Hardaway claim (MS 5688) in the NE4SW4, Sec. 7,T11S, R24E.

The vein on the Hardaway claim dwindled to nothing in a very short time. With an increasing need for the type of ore that is in the Neal vein ZCMC moved the equipment back to the site at the SE¼NE¼NE¼SW¼ of sec. 32, T11S, R24E and commenced to mine ore. Pictures of this mine site are enclosed.

Upon looking for the mine plan to satisfy a question raised by the mine foreman, the new mine superintendent discovered that there was not a plan that covers the mining in this new location. After making this discovery, ZCMC has had all mining activity stopped at this site.

Ziegler would like to proceed with mining on this lease. There are several customers who could benefit from the type of ore found in the Neal vein and at present the demand is high. With this letter of explanation is a mine plan that covers the new "Neal #1" location, which ZCMC has renamed as the Neal #2 and the addition of an escape shaft that will be called the Neal #3.

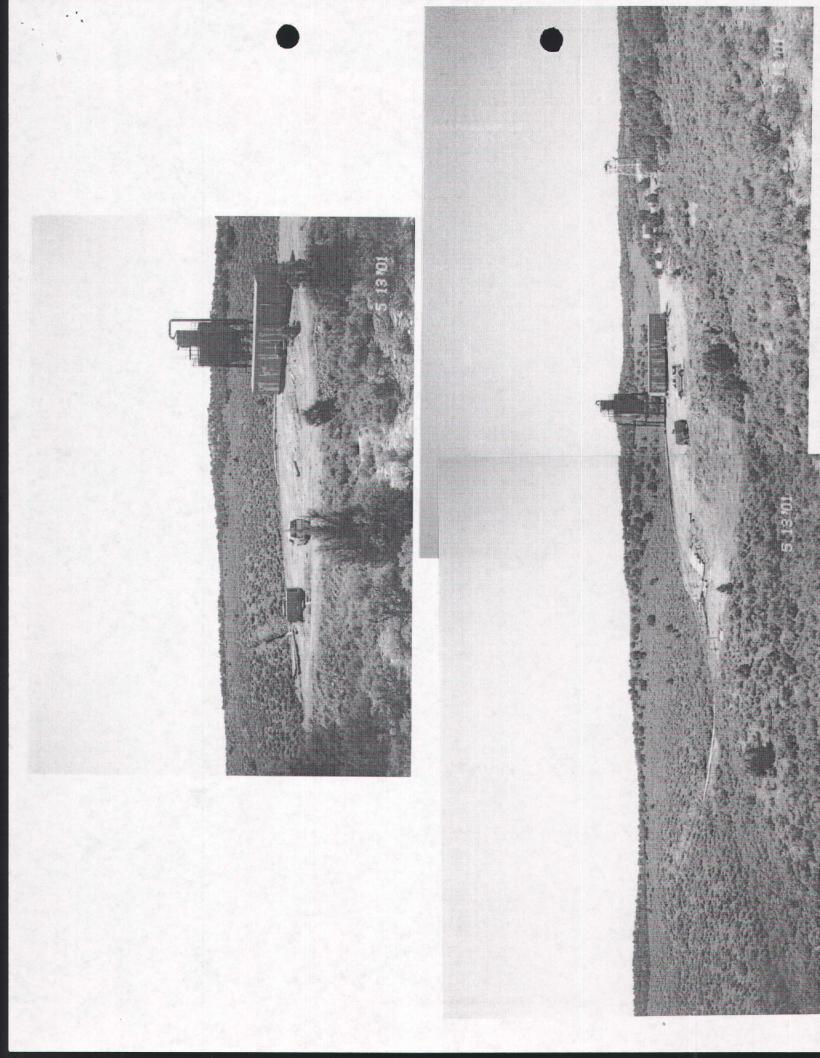
Very truly yours,

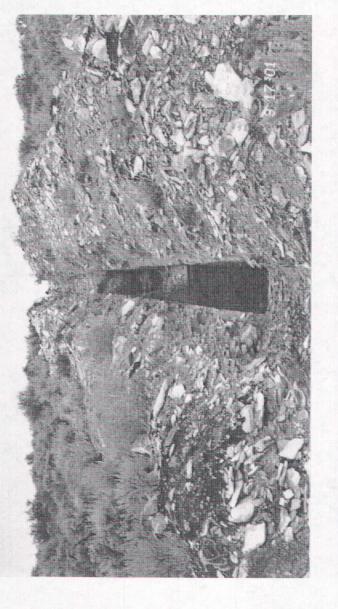
McKEACHNIE, ALLRED, McCLELLAN & TROTTER, P.C.

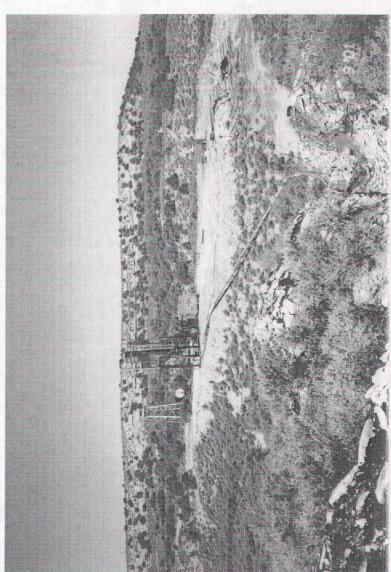
Dayle F. McKeachnie

Enclosure

cc:William Stokes, SITLA
Gordon Ziegler, President ZCMC
Chip Ziegler, Vice President ZCMC
Stan Wagner, Mine Superintendent







Allred, Allred, Allred, Allred, Attorneys, Mediators, and Counselors

Gayle F. McKeachnie
Clark B. Allred
Clark A. McClellan
Donna M. Trotter

5/047/063

Offices in Vernal & Roosevelt

121 West Main Street Vernal, Utah 84078 Phone: (435) 789-4908 Fax: (435) 789-4918 E-mail: mca@ubtanet.com

72 North 300 East (123-14) Roosevelt, Utah 84066 Phone: (435) 722-3928 Fax: (435) 722-3920 E-mail: clarka@ubtanet.com

Reply to:

Vernal Office

D. Wayne Hedberg, Permit Supervisor State of Utah Division of Oil, Gas and Mining 1594 West North Temple, Suite 1210

RE: Proposal to mine on Lease ML-46896, Neal #2 & Neal #3

June 4, 2001

Dear Mr. Hedberg:

Salt Lake City Utah 84114-5801

On behalf of Ziegler Chemical & Mineral Corp., we are submitting a Notice of Intention to Commence Small Mining Operations on Lease ML-46896 located in Township 11 South, Range 24 East, Section 32, SL Meridian, Uintah County, Utah.

We would ask that you review this information and let us know if there is any other information that you may need to process the approval of the mining plan. We will await your comments.

Very truly yours,

McKEACHNIE, ALLRED, McCLELLAN & TROTTER, P.C.

By: Gayle McKeachnie

cc: William Stokes, SITLA
Stan Wagner, Mine Superintendent ZCMC
Gordon Ziegler, President
Chip Ziegler, Vice President

GFM/sm

Enclosure

Form MR-SMO (Revised September 20000) This Section for DOGM Use: Assigned DOGM File No.: S 1047106 DOGM Lead: DV

DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

1594 West North Temple Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5291 Fax: (801) 359-3940

amended

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

1. **GENERAL INFORMATION (Rule R647-3-104)** 1. Name of Mine: NEAL #2 and NEAL #3 2. Name of Operator/Applicant: ZIEGLER CHEMICAL & MINERAL CORP. Company () Corporation (x) Partnership () Individual () 3. Permanent Address: 100 JERICHO QUADRANGLE City: JERICHO Zip Code: 11753 State: NY Telephone Number: (516) 681-9600 Fax: (516) 681-9604 4. Ownership of Land Surface: Public Domain (BLM) ☐ National Forest (USFS) ☐ Private (Fee) □ State Trust Land/School Sections XX State Sovereign Lands □ Other (please describe): Address Name Name Address Address Name Name Address

| | Name | Address |
|-----------------------------------|---|--|
| | | Address |
| | | Address |
| | | Address |
| | | Utah Mining Claim Number(s): |
| | | Utah State Lease Number(s): ML-46896 CANCELED NEW 47536 08A |
| | | Name of Lessee(s) ZIEGLER CHEMICAL & MINERAL CORP. |
| | 6. | Have the above surface and mineral owners been notified in writing? |
| | | Yes X No |
| Mining | se be advi g alone d | Yes X No |
| Mining Explo Lands | e be advi g alone d ration or s Adminis | Yes X No |
| Mining Explo Lands Lands | se be advi g alone d gration or s Adminis s Adminis 7. | Yes X No |
| Mining Explo Lands | se be advi g alone d gration or s Adminis s Adminis 7. | Yes X No |
| Mining Explo Lands Lands | se be adv. g alone d ration or s Adminis 7. PROJE 1. | Yes _X No If no, why not? sed that if State Trust Lands are involved, notification to the Division of Oil, Gas and one so not satisfy the notification requirements of Mineral Leases upon State Trust Lands. In the prior to commencing any activities. Please contact the School Institutional Trust tration (SITLA) at (801) 538-5508 for notification requirements. Does the operator have legal right to enter and conduct mining operations on the land covered by this notice? Yes X No CT LOCATION & MAP (Rule R647-3-105) Project Location (legal description): |
| Mining Explo Lands Lands | e be adv. g alone d ration or s Adminis 7. PROJE 1. County | Yes X No If no, why not? sed that if State Trust Lands are involved, notification to the Division of Oil, Gas and ones not satisfy the notification requirements of Mineral Leases upon State Trust Lands. In the prior to commencing any activities. Please contact the School Institutional Trust tration (SITLA) at (801) 538-5508 for notification requirements. Does the operator have legal right to enter and conduct mining operations on the land covered by this notice? Yes X No CT LOCATION & MAP (Rule R647-3-105) Project Location (legal description): iies):_UINTAH_COUNTY |
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2. A topographic base map showing the location of the proposed small mining operation must be submitted with this notice. A USGS 7.5 minute series map is preferred. The areas to be disturbed should be plotted in sufficient detail so that they can be located on the ground. It is recommended that the operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.

3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) must be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers must be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

| III. OI | PERATION | PLAN | (Rule | R647-3-106 |) |
|---------|----------|------|-------|------------|---|
|---------|----------|------|-------|------------|---|

| 1. | Type of mining: Surface □ Underground ⊠ |
|----|--|
| 2. | Mineral(s) to be mined: GILSONITE |
| 3. | Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process? Yes □ No 囜 If yes, please describe (add extra pages if needed) |
| 4. | Provide a brief description of the proposed mining operation and onsite processing facilities (add extra pages if necessary). <u>SEE ATTACHED "PROPOSED MINE PLAN"</u> |
| 5. | ☐ New Road(s): Length 1000 (ft) Width 14 (ft) |
| 6. | ☐ Improved Road(s): Length 7000 (ft) Width 14 (ft). |
| 7. | Total project surface acreage to be disturbed:(acres) |
| 8. | Proposed startup date of project (month, year) ASAP |
| 9. | Proposed completion date of project, if known (month, year) |

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining:

- Keep the mining operation in a safe, clean, and environmentally stable condition.
- 2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
- Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
- Construct berms, fences, or barriers, when needed, above highwalls and excavations.
- Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.

- 6. Remove all waste or debris from stream channels.
- 7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
- 8. Conduct mining activities so as to minimize erosion and control sediment.
- 9. Reclaim all roads that are not part of a permanent transportation system.
- 10. Stockpile topsoil and suitable overburden prior to mining.
- 11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.

Page 4

- 12. Properly prepare seedbed to a depth of six inches by ripping, discing, or harrowing. Leave the surface rough.
- 13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
- 14. Plant the seed with a rangeland or farm drill, or if broadcast seeded, harrow or rake the seed 1/4-1/2 inch into the soil fall is the preferred time to seed.

| V. | VARIANCE REQUEST | (Rule R647-3-110) |
|----|------------------|-------------------|
| | | |

Yes □ No 🛛

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above, should be identified below and justification given for the variance request(s).

| Item Number | Variance Request Justification | | |
|-------------|--------------------------------|--|--|
| | NONE | | |
| | | | |
| | | | |

VI. PERMIT FEE [Mined Land Reclamation Act 40-8-7(I)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7 (I)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to <u>new</u> and <u>existing</u> notices of intention and annually thereafter, until the project disturbances are successfully reclaimed by the operator and released by the Division

Small Mining Notices require a \$100.00 fee which <u>must</u> accompany this application or it cannot be processed by the Division.

VII. SIGNATURE REQUIREMENT

| I hereby commit to conduct mining op required by the Utah Mined Land Rec Oil, Gas and Mining. | perations and to reclaim the aforementioned small mine as clamation Act (40-8) and the rules as specified by the Board of |
|---|---|
| Signature of Operator/Applicant: | Co grante |
| Name (typed or printed): | GORDON S. ZIEGLER |
| Title/Position (if applicable): | PRESIDENT |
| Date: | |